**NELSON PROPERTY INVESTORS ASSOCIATION**

**JUNE 2021 NEWSLETTER**

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**Our third meeting of the year** is on Tuesday 1st June 7:30 pm with the optional before meeting meal at 6 pm. We have Jacqui Deans speaking (Growth Co-ordinator from Tasman District Council) and from NCC it will be Lisa Gibellini, Team Leader City Development. I have asked them to talk on **Intensification in our urban areas.**

We are very lucky and privileged to get such highly skilled key people from the two territorial authorities in our area. Note this meeting is not about us making a submission or wanting to change anything that is proposed. It is about learning and being informed. Clearly the whole country is suffering from growth pains and that pain is not restricted to Auckland and Queenstown. The present and past governments seem to blame property investors for some of the pain. That pain shows itself in high property prices, insufficient rental properties to meet the need, long delays in building / developments, media hysteria when overcrowding and bad antisocial activities living like rats encourages. Most armchair experts have an opinion on solving the problem. The important issue is what direction and where the planners are pointing and pushing us towards. All planners want an attractive workable environment. All investors want to do is ride the crest of the wave, put their money to work for a period, then when their life changes be able to offload their investment to someone else.

**SO WHAT IS HAPPENING**

Firstly I encourage everyone to stop reading the headlines in the media and glossy sales handouts. You should look at the statistics put out by the Statistics Department. In the year to 30 March 2021 Tasman consented 601 dwellings. This is 10.7 per 1000 population which equates to a population of 56168. Compare that with Nelson city 202 dwellings at 3.7 per 1000 which gives it a population of 54,594. Auckland our growth central of NZ consented at a rate of 10.2 per thousand. Meanwhile the number of properties for sale or rent in Nelson / Tasman is at an all time low. Lower per thousand than most of the rest of the country. Affordability, choice, and rentals are a problem everywhere. The government has called for intensification thinking this will solve the problem. Nelson city has suggested squeezing more houses onto the same area (coverage) in some areas. But their minimum section size is 400m compared with 220m thirty years ago and Tasman coverage and section sizes are even more restrictive. (Exceptions can be made.) Some people are calling for development to go up and the government is using their muscle to encourage this. That will do nothing for affordability because it costs several times more to build up and generally upper floor apartments with no outdoor living space are less desirable. Over the years I have done my bit to squeeze more people into a small space, but there are rules that one should follow when doing this. All councils charge development levies that are supposed to pay for the infrastructure. I am not sure what the difference in cost is from the various authorities and which ones give better value for money.

The TDC and NCC both have some incentivises for intensification.

One ongoing issue developers have with the TDC is they consistently under estimate the size of the growth demand. For instance their forecasts are for 430 new dwellings per year when in fact they are currently running at 600 and that number is consistently growing. Incorrect forecasts result in the wrong size infrastructure pipes being laid and then needing to be replaced before their used by life is up.

A couple of other papers are cut and pasted below that shows others with better brains and knowledge than me are thinking about the subject.

Waipā investigates affordable housing options for first-home buyers

Construction of new homes at the Peacockes development in Hamilton. A CoreLogic report showed multiple property owners in Hamilton represented 35 per cent of the city’s property purchases.

Property developers may be required to work at a set price to provide more affordable housing for the fasted growing communities in the Waikato.

Multiple home investors now outnumber first-home buyers and are inflating prices, reducing supply and overall affordability of houses particularly in Hamilton, Cambridge and Te Awamutu.

Research compiled by Waipā District Council suggested it had taken one year for Cambridge to move from “relatively more affordable” to now unaffordable, driven by a lack of housing supply to meet demand.

But the council is moving quickly to come up with some options to reverse that trend.

New residential development is in progress along the Hamilton-Cambridge road corridor.

Its strategic planning and policy committee met on Tuesday to give its approval for staff to pursue an “intensification and housing” plan change, to alter the course of the residential building market.

One concept was “inclusionary zoning”, a planning tool which was outlined in a report by the council’s district plan and growth manager Tony Quickfall.

“It is a planning approach where developers are compelled to deliver a certain proportion of a development as affordable housing,” the report said. It would mean housing could be delivered to the market at a particular set price point which must be retained in perpetuity as affordable housing.

Housing is also in demand in Te Awamutu. A housing preference survey for Hamilton city, Waipā and Waikato district councils showed the largest growth in demand would be for two bedroom homes in a duplex or townhouse format.

In return, developers were provided with additional development rights, for example greater allowable maximum building heights, greater site coverage or smaller lot sizes.

Queenstown Lakes District Council had used inclusionary zoning since 2008 as a voluntary tool but was now looking to require or mandate it, for its housing market.

The Waipā plan change would also look at giving the council the ability to manage private covenants, which traditionally restrict how a property may be developed.

It would also look at better urban design provisions and use the National Policy Statement Urban Development, which directed all councils to enable intensification of urban areas to provide more housing.

The policy classified Waipā and its neighbouring councils, Waikato district and Hamilton city, as those which faced the highest demand for housing.

Inclusionary zoning was just one tool the council could consider to promote affordable housing.

Others were outlined in a Housing Working Group report also supplied to councillors.

It suggested retirement home providers could help boost housing supply.

“While retirement villages currently supply housing for the aged, this type of format could potentially be made available for a wider market in the future,” the report said.

It also flagged a concern that there was more land dedicated to retirement villages which was held by the private sector, often on a profit or added-value model.

But it said retirement villages should be factored into any future housing supply and so should papakāinga, housing on Māori land, on a smaller scale.

Other measures included standardisation of house plans and building, as well as community housing trusts like the Housing Foundation which offered a shared ownership programme and a rent to own programme.

“Gentle density” was also another planning tool used to develop secondary dwellings or granny flats, duplexes such as two attached townhouses, single or double storey or conversion of houses into flats.

Waipā District Council also had to consider that 53 per cent of its area was deemed to have highly productive agricultural soil, which accounted for 9 per cent of all New Zealand’s high class soils.

It faced the difficult choice between protecting productive rural land or building homes into this area as an alternative to higher density urban centres.

Here is another article for those who cannot sleep at night.

http://www.smartgrowthbop.org.nz/media/1411/g-improving-the-design-quality-affordability-residential-intensification.pdf

Key Points

This study addresses the market demand for medium density housing, focussing on what would make it more attractive to more people. It points to a complex market of diverse segments making complex trade-offs made within affordability and geographic constraints.

It is important to understand the nature of this demand, though, as adoption of medium density housing has not matched expectations. This may reflect:

• The limited market for centralised, multi-medium density housing;

• A mismatch between where plans are directing housing and where the market lies;

• Supply difficulties with recent development that feed negative market perceptions. The resistance to medium density housing observed is consistent with overseas experience.

New Zealanders‟ long-standing cultural preference for detached housing on individual sections has been reinforced by the leaky homes episode and failures in the developer driven, retail investor apartment market. Rejectors see medium density housing as inferior, characterless, drab, monotonous, cramped, leaky, subject to the complications of bodies corporate, lacking privacy, noisy, insecure, lacking an outlook, lacking hobby and storage space, having parking problems, not allowing pets, and with poor prospects for capital gains.

Despite this, the residents of low rise apartments, terrace development, and high density detached housing interviewed were generally happy with them. (This may be coloured by the relatively new state and quality of case studies developments. No apartments above four storeys were covered).

Consequently, changing tastes and experience could lift long-term acceptability of residential intensification, with apparently low adoption to date a sign of over-optimism in forecasts and policies regarding the rate at which this might happen.

The influences on choice can be organised across three levels spatial resolution:

1. accessibility to activities at the city or sector-wide level, including how easy it is to get to jobs, higher order services and retailing, formal recreation and cultural activities, and the like. In some respects this can be treated as a necessary condition, although the level of accessibility required will vary according to household characteristics;

2. domain, which encompasses the area over which day-to-day social relations are formed and regular or lower order transactions take place. This corresponds broadly with suburb or neighbourhood, and may include elements of the medium density complex itself; and

3. sanctuary, which refers to the dwelling, and may be influenced by the relationship of the dwelling to the complex and the immediate neighbourhood.

The must-have parameters people look for in their sanctuary are much the same in medium density as in conventional housing: a safe and secure environment, privacy; space, light, and warmth; and flexibility in how it may be used; The discretionary things that add to the sense of sanctuary include privacy, ventilation; storage and parking space, good indoor-outdoor flow; contemporary design and modern

Domain preferences are influenced by lifestage:

• Younger people (usually in non-family households) at the beginning of their working careers, housing ladder, and relationships tend to favour central city locations;

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• Most groups, especially young families, tend to favour familiar neighbourhoods;

• Family households tend to favour suburbs and town centres (this covers a variety of environments and implies greater flexibility than in the central city);

• Older families and post-family households tend to remain in their established

neighbourhood, suburb, or sector of the city.

The resolution of preferences around sanctuary and domain will influence where and what style of housing is generally favoured according to lifestage segment, with the actual choice conditioned by limits of affordability, usually confined to geographic submarkets.

The association between type and location of medium density housing and lifestage and socio-economic characteristics will not be consistent, though, as lifestyle preferences cut across any orderly demographic or socio-economic segmentation of households.

Given that qualification, it is significant that future demand for new housing will be driven increasingly by the preferences of empty nester and retirement households, many of which own their dwellings fittings; areas for hobbies ( workshop, garden); and the capacity to personalise the dwelling.

Most People Don’t Want Higher Density Housing

The international literature reveals long-standing and widespread resistance to increased housing densities, frustrating the proponents of compact cities in Australia, the USA, and the UK. The discord between stated preferences – especially collective preferences – and actual decisions (or revealed preferences) has been noted widely in these markets. The review led to the conclusion that: there is a long-standing and wide-spread majority preference for detached housing and resistance to increasing densities (e.g., Reiner, 1963; Audirac et al.,

Senior et al., 2004; Bruegmann, 2005; Howley, 2009). This is not absolute, though, with a significant minority apparently preferring inner city, higher density housing; and it could change in the future.

**HELP FOR YOUR TENANTS AND THEIR TENANCIES**

I have recently been contacted by Steve Hawes offering a new service. Steve is a Housing Navigator, Tenancy Manager for Gateway Housing Trust. They have been granted money by the government to provide assistance to tenants in order to sustain their tenancies. This assistance can be both financial for rent arrears and practical manpower input for things like cleaning, hoarding, and other complicated issues. Sarah Turner and I met with Steve and we were impressed with his attitude and common sense approach. Here is the link to Ministry of Housing and Urban Development (Sustaining Tenancies) <https://www.hud.govt.nz/community-and-public-housing/addressing-homelessness/sustaining-tenancies/>

My suggestion in the first instance when you want to find some help for one of your tenants is to contact Steve directly. His email is Stephen.hawes@ght.co.nz

**FUTURE MEETINGS PLANNED FOR THE YEAR**

13 July. Williams Corporation from Christchurch. Residential Investment

opportunities in the big cities.

24 August Tony Frost. Prebuilt container houses from China.

5 October Ashley Church. A property expert for One Roof and well known property commentator.

16 November Anthony Appleton- Tattersall who is a specialist property investment accountant from Auckland and well know commentator on social media.